

The Honorable J. Dennis Hastert
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

At the direction of the President, I am pleased to notify the Congress that the President intends to initiate negotiations for a free trade agreement (FTA) with Morocco 90 days from the date of this letter. This notification is in accordance with section 2104(a)(1) of the Trade Act of 2002. It is crucial that we move forward on this and other trade agreements in order to restore America's leadership on trade.

The Administration is committed to bringing back trade agreements that open markets to benefit our farmers, workers, businesses, and families. With the Congress' continued help, we can move promptly to advance America's trade interests.

In my letter of August 22, 2002, to the Congressional leadership and trade committees, I outlined the reasons that it is in the United States' interest to pursue a free trade agreement with Morocco. An FTA will create improved commercial and market opportunities for U.S. exports to Morocco and to North and West Africa. It will foster economic growth, increase living standards, and create higher paying jobs in the United States and Morocco by reducing and eliminating bilateral barriers to trade, while reinforcing important American values in the region. This FTA will also further strengthen our relations with a country that was one of the first to condemn the September 11 terrorist attacks and has stood by our side ever since.

Trade liberalization with Morocco will support this Administration's commitment to promote more tolerant, open, and prosperous Muslim societies. A U.S.-Morocco FTA will support the significant economic and political reforms underway in Morocco, enhance the Moroccan government's efforts to attract new trade and investment, and promote sustainable development. Such increased trade and investment can help create better jobs for Morocco's citizens. For both Morocco and the United States, implementation of the agreement of course will be critical to realizing its benefits. The Administration therefore intends to target ongoing development assistance and trade-related technical assistance to help Morocco follow through on the commitments it will make as part of the FTA.

Initial consultations with Members of Congress regarding an FTA with Morocco have been positive, and we believe that there is broad bipartisan interest in such an agreement. The Administration will continue to consult closely with the Congress, including the new Congressional Oversight Group.

Our specific objectives for negotiations with Morocco are as follows:

- *Trade in Goods:*
 - Seek to eliminate tariffs and other duties and charges on trade between Morocco and the United States on the broadest possible basis, subject to reasonable adjustment periods for import-sensitive products.
 - Pursue favorable staging of tariff elimination and other market access commitments that improve the competitive position of U.S. goods vis-à-vis the European Union, which already has an association agreement with Morocco.
 - Seek to have Morocco join the WTO Information Technology Agreement.
 - Seek to eliminate Morocco's non-tariff barriers to U.S. exports, including licensing barriers, restrictive administration of tariff-rate quotas, unjustified trade restrictions that affect new U.S. technologies, and other trade restrictive measures that U.S. exporters identify.
 - Seek to have the Moroccan government reform its policies in the agricultural sector, particularly with respect to the grains market.
 - Seek to eliminate Moroccan government practices that adversely affect U.S. exports of perishable or cyclical agricultural products, while improving U.S. import relief mechanisms as appropriate.
 - Pursue a mechanism with Morocco that will support achieving the U.S. objective in the WTO negotiations of eliminating all export subsidies on agricultural products, while maintaining the right to provide *bona fide* food aid and preserving U.S. agricultural market development and export credit programs.
 - Pursue fully reciprocal access to the Moroccan market for U.S. textile and apparel products.
- *Customs Matters, Rules of Origin, and Enforcement Cooperation:*
 - Seek rules to require that Morocco's customs operations are conducted with transparency, efficiency, and predictability and that customs laws, regulations, decisions, and rulings are not applied in a manner that would create unwarranted procedural obstacles to international trade.

- Seek rules of origin, procedures for applying these rules, and provisions to address circumvention matters that will ensure that preferential duty rates under the FTA with Morocco apply only to goods eligible to receive such treatment, without creating unnecessary obstacles to trade.
- Seek terms for cooperative efforts with the Moroccan government regarding enforcement of customs and related issues, including trade in textiles and apparel.
- *Sanitary and Phytosanitary (SPS) Measures:*
 - Seek to have Morocco reaffirm its WTO commitments on SPS measures and eliminate any unjustified SPS restrictions.
 - Seek to strengthen collaboration with Morocco in implementing the WTO SPS Agreement and to enhance cooperation with Morocco in relevant international bodies on developing international SPS standards, guidelines, and recommendations.
- *Technical Barriers to Trade (TBT):*
 - Seek to have Morocco reaffirm its WTO TBT commitments and eliminate any unjustified TBT measures.
 - Seek to strengthen collaboration with Morocco on implementation of the WTO TBT Agreement and create a procedure for exchanging information with Morocco on TBT-related issues.
- *Intellectual Property Rights:*
 - Seek to establish standards to be applied in Morocco that build on the foundations established in the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPs Agreement) and other international intellectual property agreements, such as the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty and the Patent Cooperation Treaty.
 - In areas such as patent protection and protection of undisclosed information, seek to have Morocco apply levels of protection and practices more in line with U.S. law and practices, including appropriate flexibility.
 - Seek to strengthen Morocco's procedures to enforce intellectual property rights, such as by ensuring that Moroccan authorities seize suspected pirated and counterfeit goods, equipment used to make such goods or to transmit pirated goods, and documentary evidence. Seek to strengthen measures in Morocco that

provide for compensation of right holders for infringements of intellectual property rights and to provide for criminal penalties under Moroccan law that are sufficient to have a deterrent effect on piracy and counterfeiting.

- *Trade in Services:*

- Pursue disciplines to address discriminatory and other barriers to trade in Morocco's services markets. Pursue a comprehensive approach to market access, including any necessary improvements in access to the telecommunications, financial services, energy and other sectors.
- Seek improved transparency and predictability of Moroccan regulatory procedures, specialized disciplines for financial services and additional disciplines for telecommunication services and other sectors as necessary.
- Seek appropriate provisions to ensure that Morocco will facilitate the temporary entry of U.S. business persons into its territory, while ensuring that any commitments by the United States are limited to temporary entry provisions and do not require any changes to U.S. laws and regulations relating to permanent immigration and permanent employment rights.

- *Investment:*

- Since the United States and Morocco have a bilateral investment treaty in effect, we do not expect areas covered by this treaty to be part of the negotiation. However, in the event it is determined that U.S. interests would be better served with additional (by updating) investment provisions, we will of course review these with Congress. In any event, we will seek to improve the investment climate for U.S. companies in Morocco through commitments in related areas, such as those governing regulatory transparency, services, and intellectual property rights.

- *Electronic Commerce:*

- Seek to affirm that Morocco will allow goods and services to be delivered electronically and seek to ensure that Morocco does not apply customs duties to digital products or unjustifiably discriminate among products delivered electronically.

- *Government Procurement:*

- Seek to establish rules requiring government procurement procedures and practices in Morocco procurement to be fair, transparent, and predictable for suppliers of U.S. goods and services who seek to do business with the Moroccan government.

- Seek to expand access for U.S. goods and services to Morocco’s government procurement market.
- *Transparency/Anti-Corruption/Regulatory Reform:*
 - Seek to make Morocco’s administration of its trade regime more transparent, and pursue rules that will permit timely and meaningful public comment before Morocco adopts trade-related regulations and other measures.
 - Seek to ensure that Morocco applies high standards prohibiting corrupt practices affecting international trade and enforces such prohibitions.
- *Trade Remedies:*
 - Provide a bilateral safeguard mechanism during the transition period.
 - Make no changes in U.S. antidumping and countervailing duty laws.
- *Environment:*
 - Seek to promote trade and environment policies that are mutually supportive.
 - Seek an appropriate commitment by Morocco to the effective enforcement of its environmental laws.
 - Establish that Morocco will strive to ensure that it will not, as an encouragement for trade, weaken or reduce the protections provided for in its environmental laws.
 - Help Morocco strengthen its capacity to protect the environment through the promotion of sustainable development, such as by establishing consultative mechanisms.
- *Labor, including Child Labor:*
 - Seek an appropriate commitment by Morocco to the effective enforcement of its labor laws.
 - Establish that Morocco will strive to ensure that it will not, as an encouragement for trade, weaken or reduce the protections provided for in its labor laws.
 - Establish procedures for consultations and cooperative activities with Morocco to strengthen its capacity to promote respect for core labor standards, including compliance with ILO Convention 182 on the worst forms of child labor, building on technical assistance programs administered by the U.S. Department of Labor.

- *State-to-State Dispute Settlement:*
 - Encourage the early identification and settlement of disputes through consultation.
 - Seek to establish fair, transparent, timely, and effective procedures to settle disputes arising under the agreement.

In addition, the FTA will take into account other legitimate U.S. objectives including, but not limited to, the protection of legitimate health or safety, essential security, and consumer interests.

We are committed to concluding these negotiations with timely and substantive results for U.S. workers, ranchers, farmers, businesses, and families, by pursuing these specific objectives and the overall and principal U.S. negotiating objectives and priorities set out in the TPA Act. We look forward to continuing to work with the Congress over the coming weeks and after negotiations with Morocco begin. Working together we can reach a successful conclusion that will benefit both countries and support America's broader objectives.

Sincerely,

Robert B. Zoellick